

MARK D. WALDRON
Chapter 11 Trustee
6711 Regents Blvd. W., Suite B
Tacoma, WA 98466
Telephone: (253) 565-5800

The Honorable Frederick P. Corbit
Chapter 11

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF WASHINGTON

In Re:

GIGA WATT INC.

Debtor.

Case No. 18-03197-FPC11

CHAPTER 11 TRUSTEE'S MONTHLY
FINANCIAL REPORT FOR
NOVEMBER 2019

COMES NOW Mark D. Waldron, the Court-appointed and acting Chapter 11 Trustee in the above proceeding, and files this Monthly Financial Report for the month of November 2019. Attached to this report are the Ledger Report (Exhibit 1), Operating Statement (Exhibit 2), and bank statement for November 2019 (Exhibit 3), incorporated herein by reference. Also attached is a detailed narrative report from Court-appointed consultant Douglas Pratt regarding Giga Watt's mining operations for November 2019 (Exhibit 4), incorporated herein by reference.

1. Moses Lake Facility. The Estate continues to operate the Moses Lake facility. Mining revenues for November 2019 at Moses Lake were \$219,202.24, with an additional \$28,404.00 of revenue from subtenant Eco Diversified Holdings for its November 2019 rent (\$9,000.00) and proportional obligation for the October 2019 utilities



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1 (\$19,404.00). Rent and utility payments are current and the Estate continues the efforts
2 to repay the past due amounts which existed when the Trustee took over operations.


3 2. TNT Facility. The Estate continues to operate the TNT facility in East
4 Wenatchee. Mining revenues at TNT for November 2019 were \$79,630.90. Pursuant
5 to the Court-approved Super-Priority Unsecured Credit Agreement, the Estate is current
6 on the payments due the DIP lender. Rent and utility payments are also current.

7 3. The Court-appointed CPA continues to prepare Debtor's required monthly
8 tax reports, specifically the Department of Revenue reporting, and the Estate continues to
9 pay the corresponding B&O taxes due. At month end, the Debtor was not delinquent on
any post-petition tax obligations.

10 4. For purposes of calculating the Debtor's obligations under 28 USC 1930(a)(6)
11 to pay a quarterly fee to the United States Trustee, **TOTAL DISBURSEMENTS** for the
12 month of November 2019 were **\$307,935.49**. The Trustee continues to file Monthly
13 Financial Reports and pay the quarterly U.S. Trustee fees pursuant to the current rate
14 schedule. All U.S. Trustee fee payments and all Monthly Financial Reports are current.

15 I certify under penalty of perjury that the information contained in this Monthly
16 Financial Report is complete, true, and accurate to the best of my knowledge, information
and belief.

17 **DATED** this 13th day of December, 2019.

18
19 
20 **MARK D. WALDRON, WSBA# 9578**
21 Chapter 11 Trustee for the Estate of
22 Giga Watt Inc.



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Ledger Report

Case Number: 18-03197-FPC11 FPC
Case Name: GIGA WATT INC.

Trustee: Mr. Mark D. Waldron (670070)
Bank Name: Metropolitan Commercial Bank
Account: *****25 - Checking Account
Blanket Bond: \$0.00 (per case limit)
Separate Bond: N/A

Taxpayer ID #: 81-4797010
Period: 11/01/19 - 11/30/19

Trans. Date	{Ref #} / Check #	Paid To / Received From	Description of Transaction	Ledger Code	Receipts \$	Disbursements \$	Checking Account Balance
11/01/19		Eco Diversified Holdings	November 2019 rent for Pod 8 of Parcel E pods, Moses Lake	4002-00	9,000.00		163,385.72
11/01/19	279	Insta Stor Inc.	Invoice #3102 (storage container rental through November 2019)	6004-000		134.88	163,250.84
11/01/19	280	Douglas County PUD	Account No. 735917, utilities for October 2019 (TNT)	6010-000		35,718.00	127,532.84
11/01/19		Randy Michelson	Loan payment per Super-Priority Unsecured Credit Agreement (TNT)	6004-000		25,000.00	102,532.84
11/05/19	281	Allen Oh	Invoices #33 and #34 (Moses Lake through 11-1-19)	6007-013		6,000.00	96,532.84
11/05/19	282	Allen Oh	Invoice #34 (Moses Lake reimbursement of cost)	6007-014		44.03	96,488.81
11/05/19	283	Lauren Mieh	Invoice dated 11-3-19 (TNT through 11-1-19)	6007-013		5,887.50	90,601.31
11/05/19	284	Lauren Mieh	Invoice dated 11-3-19 (TNT reimbursement for costs advanced)	6007-014		145.09	90,456.22
11/05/19	285	Austin Harrison	Invoice dated 11-3-19 (Moses Lake through 11-1-19)	6007-013		2,400.00	88,056.22
11/05/19	286	Skyler Simpson	Invoice dated 11-3-19 (Moses Lake through 11-1-19)	6007-013		2,000.00	86,056.22
11/05/19	287	Porfirio Jaimes	Invoice dated 11-3-19 (Moses Lake through 11-1-19)	6007-013		1,507.75	84,548.47
11/05/19	288	David Knowles	Invoice dated 11-3-19 (TNT through 11-1-19)	6007-013		2,128.00	82,420.47
11/05/19	289	David Knowles	Invoice dated 11-3-19 (TNT reimbursement for cost advanced)	6007-014		60.06	82,360.41
11/05/19	290	Porfirio Jaimes	Invoice dated 10-20-19 (Moses Lake, reimbursement for cost advanced)	6007-014		70.45	82,289.96
11/05/19	291	LocalTel	Account #61297, Statement dated 10-30-19	6010-000		110.85	82,179.11
Subtotals :						\$9,000.00	\$81,206.61

{ Asset reference(s)

Ledger Report

Case Number: 18-03197-FPC11 FPC
Case Name: GIGA WATT INC.

Trustee: Mr. Mark D. Waldron (670070)
Bank Name: Metropolitan Commercial Bank
Account: *****25 - Checking Account
Blanket Bond: \$0.00 (per case limit)
Separate Bond: N/A

Taxpayer ID #: 81-4797010
Period: 11/01/19 - 11/30/19

Trans. Date	{Ref #} / Check #	Paid To / Received From	Description of Transaction	Ledger Code	Receipts \$	Disbursements \$	Checking Account Balance
			(TNT facility)				
11/07/19		Washington State Department of Revenue	Refund of excise tax penalties (April and May 2019 returns)	4004-000	1,429.01		83,608.12
11/07/19		Moses Lake (\$56,393.90) and TNT (\$20,048.50) facilities	Mining operations	4001-000	76,442.40		160,050.52
11/07/19	292	Washington State Department of Revenue	604-067-749, Giga Watt, Inc., B&O taxes due for October 2019	6006-002		4,737.66	155,312.86
11/12/19	293	Waste Management of Wenatchee	Customer ID#19-19019-33003, Invoice #1836348-2674-1	6010-000		124.28	155,188.58
11/12/19	294	Stretto	Invoice #3173	6007-000		3,130.85	152,057.73
11/12/19	295	International Sureties, Ltd.	Bond #016219222 (1-23-20 to 1-23-21)	6002-003		500.00	151,557.73
11/12/19		Washington State Department of Revenue	Fee charged for Moses Lake Business License	6010-000		104.00	151,453.73
11/13/19		Washington State Department of Revenue	Fee charged for changing business location for Giga Watt, Inc.	6010-000		19.00	151,434.73
11/14/19		Moses Lake (\$57,313.31) and TNT (\$20,884.10) facilities	Mining operations	4001-000	78,197.41		229,632.14
11/14/19		MLDC I, LLC	100% of Moses Lake revenue (through 11-7-19)	6003-000		56,393.90	173,238.24
11/18/19		MLDC I, LLC	77% of Moses Lake revenue (through 11-14-19)	6003-000		44,131.25	129,106.99
11/19/19		Eco Diversified Holdings	Utilities for October 2019, Pod 8 of Parcel E pods, Moses Lake	4099-000	19,404.00		148,510.99
11/19/19	296	Allen Oh	Invoices #35 and #36 (Moses Lake, through 11-15-19)	6007-013		6,000.00	142,510.99
11/19/19	297	Lauren Mieh	Invoice dated 11-17-19 (TNT, through 11-15-19)	6007-013		5,512.50	136,998.49
Subtotals :					\$175,472.82	\$120,653.44	

{ Asset reference(s) }

Ledger Report

Case Number: 18-03197-FPC11 FPC
Case Name: GIGA WATT INC.

Trustee: Mr. Mark D. Waldron (670070)
Bank Name: Metropolitan Commercial Bank
Account: *****25 - Checking Account
Blanket Bond: \$0.00 (per case limit)
Separate Bond: N/A

Taxpayer ID #: 81-4797010
Period: 11/01/19 - 11/30/19

Trans. Date	{Ref #} / Check #	Paid To / Received From	Description of Transaction	Ledger Code	Receipts \$	Disbursements \$	Checking Account Balance
11/19/19	298	Skyler Simpson	Invoice dated 11-17-19 (Moses Lake, through 11-15-19)	6007-013		1,800.00	135,198.49
11/19/19	299	Skyler Simpson	Invoice dated 11-17-19 (TNT facility, through 11-15-19)	6007-013		200.00	134,998.49
11/19/19	300	Skyler Simpson	Reimbursement of costs (Invoice dated 11-17-19)	6007-014		293.14	134,705.35
11/19/19	301	Austin Harrison	Invoice dated 11-17-19 (Moses Lake, through 11-15-19)	6007-013		2,400.00	132,305.35
11/19/19	302	David Knowles	Invoice dated 11-17-19 (TNT facility, through 11-15-19)	6007-013		2,240.00	130,065.35
11/19/19	303	Porfirio Jaimes	Invoice dated 11-17-19 (Moses Lake, through 11-15-19)	6007-013		1,517.00	128,548.35
11/19/19	304	Porfirio Jaimes	Reimbursement for costs (Invoice dated 11-17-19)	6007-014		70.00	128,478.35
11/20/19	305	Douglas Pratt	Invoice #1004 dated 11/20/19 (through 11/14/19)	6007-013		937.50	127,540.85
11/20/19	306	Douglas Pratt	Invoice #1004 dated 11/20/19 (TNT, through 10/17/19)	6007-013		875.00	126,665.85
11/21/19		Moses Lake (\$57,539.70) and TNT (\$19,824.81) facilities	Mining operations	4001-000	77,364.51		204,030.36
11/21/19	307	Mark D. Waldron	Partial payment of Trustee fees per Order entered on 11-20-19 (Docket #422)	6002-001		20,000.00	184,030.36
11/21/19	308	Mark D. Waldron	Reimbursement of costs advanced per Order entered on 11-20-19 (Docket #422)	6002-002		5,235.80	178,794.56
11/21/19	309	Mark D. Waldron	Reimbursement of costs advanced (10/1/19 through 11/8/19)	6002-002		1,367.30	177,427.26
11/25/19	310	TNT Business Complexes, LLC	Lease payment for December 2019 (TNT)	6003-000		11,600.00	165,827.26

Subtotals : \$77,364.51 \$48,535.74

{} Asset reference(s)

Ledger Report

Case Number: 18-03197-FPC11 FPC

Case Name: GIGA WATT INC.

Trustee: Mr. Mark D. Waldron (670070)

Bank Name: Metropolitan Commercial Bank

Account: *****25 - Checking Account

Taxpayer ID #: 81-4797010

Blanket Bond: \$0.00 (per case limit)

Separate Bond: N/A

Period: 11/01/19 - 11/30/19

Trans. Date	{Ref #} / Check #	Paid To / Received From	Description of Transaction	Ledger Code	Receipts \$	Disbursements \$	Checking Account Balance
11/25/19		MLDC I, LLC	facility) 100% of Moses Lake revenue (through 11-22-19)	6003-000		57,539.70	108,287.56
11/26/19		TNT facility (correcting error from wire on 11/22/19)	Mining operations	4001-000	1,041.11		109,328.67
11/29/19		Moses Lake (\$47,955.33) and TNT (\$17,832.38) facilities	Mining operations	4001-000	65,787.71		175,116.38
ACCOUNT TOTALS					3,186,479.63	3,011,363.25	\$175,116.38

TOTAL - ACCOUNT *****25

Balance Forward	154,385.72		
3 Deposits	29,833.01	32 Checks	124,747.64
0 Interest Postings	0.00	6 Adjustments Out	183,187.85
Subtotal	\$184,218.73	0 Transfers Out	0.00
5 Adjustments In	298,833.14	Total	\$307,935.49
0 Transfers In	0.00		
Total	\$483,051.87		

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GIGA WATT INC. (18-03197-FPC11)

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Operating Statement

Period: 11/01/19 - 11/30/19

<u>Income</u>	
4001-000 Revenue from Operating Business	\$298,833.14
4002-00 Rents	\$9,000.00
4004-000 Tax Refunds	\$1,429.01
4099-000 Other Receipts	\$19,404.00
Total Income	\$328,666.15
<u>Expenses</u>	
6002-000 Trustee Fees & Expenses	\$27,103.10
6003-000 Admin. Rent	\$169,664.85
6004-000 Costs to Secure/Maintain Property	\$25,134.88
6006-002 Taxes - State	\$4,737.66
6007-000 Professional Fees & Expenses	\$45,218.87
6010-000 Other Expenses	\$36,076.13
Total Expenses	\$307,935.49
Net Income	\$20,730.66

Mr. Mark D. Waldron
6711 Regents Blvd West
Tacoma WA 98466

Case Number

Case Name

Trustee Number

Trustee Name

Period Covered:

November 01, 2019 - November 29, 2019

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GIGA WATT INC

DEBTOR

670070

Mr. Mark D. Waldron

TRUSTEE

Questions:

800.634.7734

banking.services@stretto.com

www.stretto.com

Consolidated Balance Summary

Account	Number	Ending Balance Prior Period	Ending Balance This Period
Checking Account			
TRUSTEE CHECKING	██████████9625	\$165,985.72	\$201,771.01
Total		\$165,985.72	\$201,771.01

TRUSTEE CHECKING

Account Number: 3910019625

Enclosures

24	Beginning Balance	\$165,985.72
	+Total Additions	\$328,666.15
	-Total Subtractions	\$292,880.86
	Ending Balance	\$201,771.01

* Indicates a Skip in Check Number(s)
"E" Indicate an Electronic Check

Checks

Check #	Date	Amount
278	11-13	\$11,600.00
279	11-06	\$134.88
280	11-06	\$35,718.00
281	11-12	\$6,000.00
282	11-12	\$44.03
283	11-12	\$5,887.50
284	11-12	\$145.09
285	11-15	\$2,400.00
286	11-12	\$2,000.00
287	11-12	\$1,507.75
288	11-12	\$2,128.00
289	11-12	\$60.06
290	11-13	\$70.45
291	11-12	\$110.85
292	11-14	\$4,737.66
295*	11-19	\$500.00
297*	11-25	\$5,512.50
298	11-26	\$1,800.00
299	11-26	\$200.00
300	11-26	\$293.14
302*	11-25	\$2,240.00
307*	11-22	\$20,000.00
308	11-22	\$5,235.80
309	11-22	\$1,367.30

Debits

Date	Description	Subtractions
11-01	WIRE TO RANDY MICHELSON	\$25,000.00
11-12	WA DEPT REVENUE BLS PYMT 191107 CCD	\$104.00
11-13	WA DEPT REVENUE BLS PYMT 191108 CCD	\$19.00
11-14	WIRE TO MLDC 1 LLC	\$56,393.90
11-18	WIRE TO MLDC 1 LLC	\$44,131.25
11-26	WIRE TO MLDC 1 LLC	\$57,539.70

Credits

Date	Description	Additions
11-04	REMOTE DEPOSIT REF#0100016	\$9,000.00
11-07	WIRE FROM COINME INC	\$76,442.40
11-12	REMOTE DEPOSIT REF#0100017	\$1,429.01
11-14	WIRE FROM COINME INC	\$78,197.41
11-20	REMOTE DEPOSIT REF#1000018	\$19,404.00
11-21	WIRE FROM COINME INC	\$77,364.51
11-26	WIRE FROM COINME INC	\$1,041.11
11-29	WIRE FROM COINME INC	\$65,787.71



Daily Balances

Date	Amount	Date	Amount	Date	Amount
11-01	\$140,985.72	11-04	\$149,985.72	11-06	\$114,132.84
11-07	\$190,575.24	11-12	\$174,016.97	11-13	\$162,327.52
11-14	\$179,393.37	11-15	\$176,993.37	11-18	\$132,862.12
11-19	\$132,362.12	11-20	\$151,766.12	11-21	\$229,130.63
11-22	\$202,527.53	11-25	\$194,775.03	11-26	\$135,983.30
11-29	\$201,771.01				

Executive Summary: For the calendar month of November 2019, the Moses Lake Data Center (MLDC) generated gross revenues of \$235,889 which represented a 7% increase in revenue from October 2019 of \$220,208.

TNT generated \$86,416, a 21% increase in revenue from October's \$71,302 in revenue.

The total gross revenue generated combined for both sites for October was \$322,305, up 11% from October's number of \$291,498.

We continued to deploy additional miners across Moses Lake and TNT to increase our mining hash rate and utilize the existing power and available equipment at both sites. While coin prices remained largely stable from October, much of the increase in revenue in November came from a rare drop in difficulty for BTC, which resulted in additional rewards for two weeks. BTC difficulty again began to climb in late November

S9 Machine Mining (primarily Bitcoin): Revenues for MLDC S9s increase primarily due to a drop in difficulty in mid-November. Newer technology continues to ship and we saw the market flooded with used S9 equipment for sale.

Bitcoin Difficulty Chart

The Bitcoin network difficulty chart provides the current BTC difficulty target as well as a historical data graph visualizing Bitcoin mining difficulty chart values with difficulty adjustments (both increases and decreases) defaulted to today with timeline options of 1 day, 1 week, 1 month, 3 months, 6 months, 1 year, 3 years, and all time.

Bitcoin Difficulty is currently at 12.88 T (12,876,842,089,682.00)



L3+ Machine Mining (primarily Litecoin): Revenues from these machines grew from October due primarily to the ongoing drop in LTC mining difficulty which yielded increase number of rewards plus

additional equipment being deployed at TNT. We expect difficulty to continue to drop in December for Litecoin which will yield growing revenue but anticipate a slowdown in the difficulty decreases in the new year.

Litecoin Difficulty Chart

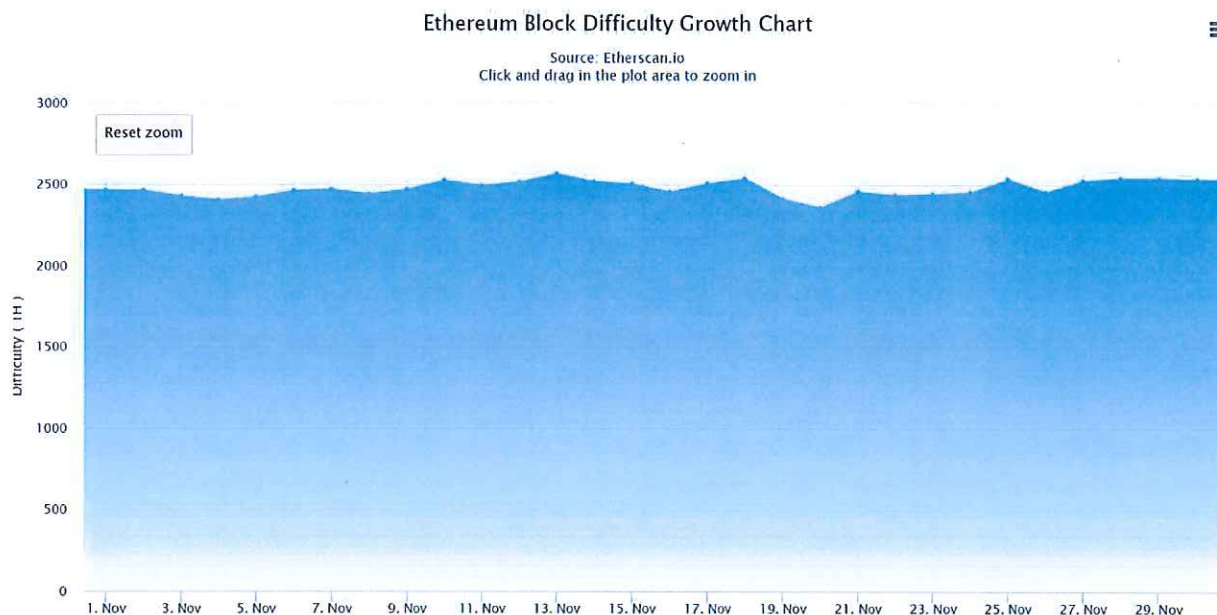
The Litecoin network difficulty chart provides the current LTC difficulty target as well as a historical data graph visualizing Litecoin mining difficulty chart values with difficulty adjustments (both increases and decreases) defaulted to today with timeline options of 1 day, 1 week, 1 month, 3 months, 6 months, 1 year, 3 years, and all time.

Litecoin Difficulty is currently at 5.23 M (5,227,674.00)



GPU Mining (primarily Ethereum):

Revenue for Ethereum mining was largely flat month on month. Difficulty again raised less than 1% month on month and this remains our highest value equipment and generates the most net revenue/kwh compared to L3+s and S9s.



In summary, prices continue to fall for all currencies from July and we have no reliable market indicators that prices for BTC, LTC or ETH will increase significantly before the end of 2019. Assuming the case that market prices are stable, we can assume that mining rewards from the S9 machines (BTC) will continue to decrease due to increasing difficulty and new technology being deployed by competitors. We still have good margins on a per machine basis so it's profitable to continue operating these S9 machines. We expect revenues from the L3+ machines (LTC) will continue to grow due to dropping difficulty and represents our best area where we could have the largest impact on increased revenue. Finally, our GPU mining (ETH), which is currently the most profitable technology to mine on a per kilowatt hour, will remain our best technology equipment going into 2020.